

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 IGA-02 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-12 RSR-01 EUR-25 AGR-20

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R 240921 Z MAY 73

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TO SECSTATE WASHDC 5474

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E. O. 11652: N/ A

TAGS: EAID, RP

SUBJ: PHILIPPINE EXPECTATIONS OF ASSISTANCE FROM CONSULTATIVE GROUP

1. PRESS ARTICLE IN MAY 23 BULLETIN TODAY, APPARENTLY BASED ON BRIEFING BY FINANCE SECY VIRATA, EXPRESSED PHILIPPINE EXPECTATIONS OF \$250 MILLION IN OFFICIAL ASSISTANCE AT PARIS CG MEETING. ARTICLE AND ECONOMIC COMMENTARY IN SAME PAPER NOTED IMPROVEMENTS IN PHIL ECONOMIC ENVIRONMENT WHICH SHOULD ENCOURAGE GREATER RESPONSIVENESS BY FOREIGN DONORS.

2. VIRATA WAS QUOTED AS STATING THAT BULK OF ASSISTANCE TO BE SOUGHT WILL BE IN FORM OF COMMODITY CREDITS WHICH WOULD HELP ASSURE VITAL RAW MATERIAL SUPPLIES, PARTICULARLY WHEAT AND RAW COTTON. VIRATA REPORTEDLY ADDED THAT IT IS POLICY OF GOP TO GRADUALLY INCREASE DEVELOPMENT (I. E. PROJECT) OVER COMMODITY CREDITS SO THAT A PERCENTAGE REVERSAL MAY BE SEEN IN THE NEXT THREE YEARS.

3. COMMENTARY BY WIDELY READ COLUMNIST
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RODOLFO ROMERO EMPHASIZED IMPROVEMENT IN PHIL ECONOMIC CLIMATE IN RECENT MONTHS WHICH SHOULD LEAD GOP TO BE CONFIDENT THAT IT WILL GET BETTER RESPONSE FROM CG THIS YEAR THAN IN EARLIER YEARS, AND MORE IN LINE WITH ASSISTANCE GIVEN OTHER COUNTRIES (E. G. INDONESIA) BY SIMILAR INTERGOVERNMENTAL GROUPS. CG MEMBERS, HE SAID, WILL THUS SHOW SINCERITY OF THEIR POSITION OF HELPING NATIONS THAT HELP THEMSELVES.

4. ROMERO CITED TWO MAIN ELEMENTS THAT FOREIGN DONORS CONSIDER IN DETERMINING ASSISTANCE, BOTH OF WHICH HAVE IMPROVED CONSIDERABLY IN PHILS UNDER MARTIAL LAW: FIRST IS CAPACITY TO MANAGE COUNTRY' S ECONOMIC AFFAIRS, INCLUDING STRIDES MADE IN WIDENING REVENUE BASE THROUGH TAX REFORM AND IMPROVED ADMINISTRATION AND IN ENCOURAGING FOREIGN INVESTMENT. ON LATTER POINT ROMERO CITED DECREES AMENDING LAWS ON OIL EXPLORATION, EXPORT INCENTIVES AND RICE AND CORN INVESTMENT. SECOND MAIN ELEMENT, ROMERO SAID, IS CAPACITY TO ABSORB REQUESTED ASSISTANCE. HE NOTED IMPROVEMENTS IN THIS FIELD THROUGH GREATER PROJECT DEVELOPMENT ACTIVITY AND BETTER INTER- AGENCY COORDINATION IN AREA OF INFRA-STRUCTURE PROGRAMMING.

5. PRESS HAS ALSO FEATURED LATEST BALANCE OF PAYMENTS STATISTICS REPORTING JANUARY- APRIL SURPLUS OF \$288 MILLION COMPARED TO DEFICIT OF \$19 MILLION IN SAME PERIOD OF 1972. EXPORT RECEIPTS WERE UP 44 PERCENT WHILE IMPORT PAYMENTS FELL BY 15 PERCENT RESULTING IN TRADE BALANCE OF \$152 MILLION. INVISIBLE TRANSACTIONS REGISTERED SURPLUS OF \$138 MILLION COMPARED TO \$40 MILLION LAST YEAR. GROSS INTERNATIONAL RESERVES ROSE FROM \$281 MILLION AT END OF 1972 TO \$519 MILLION ON APRIL 30. PRESIDENT MARCOS HAS HAILED BALANCE OF PAYMENTS PERFORMANCE (USING RESERVE FIGURE OF \$530 MILLION ON MAY 20 SPEECH) AND STATED THAT IN ADDITION TO LARGE- SCALE FOREIGN FINANCING, INTERNAL FINANCING FOR INFRASTRUCTURE PROJECTS ALONE WILL RUN UP TO 1.5 BILLION PESOS THIS YEAR.
BYROADE

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